

EUROPEAN ECONOMY

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Supplement A

Recent economic trends

Divergent movements of interest rates but economic activity still hesitant.

— Following the EMS realignment interest rates in the Community have declined marginally and the rate of inflation has fallen below 10%. But the trend of industrial production remains hesitant and the rapid rise in unemployment has resumed after a certain deceleration in the early months of the year. Preliminary estimates of the Community's gross domestic product in the first quarter of 1982 show an almost unchanged level compared with the previous quarter.

Industrial production trend still uncertain. — The index of industrial production in the Community rose by 1.0% in April (seasonally adjusted), the first increase since January. This latest rise is still very much on a par with recent fluctuations in this indicator and is not strong enough to indicate any change in the trend. Indeed, the underlying movement of industrial production, as shown by the three-monthly moving average, is unchanged since April at 114.5. This uncertainty in the trend is equally true among the Member States, where no strong movements have been apparent in recent months except in Luxembourg, where industrial production is heavily influenced by the fortunes of the iron and steel industry, and in Italy, where the large monthly fluctuations in the index may be due to difficulties in adjusting correctly for seasonal swings.

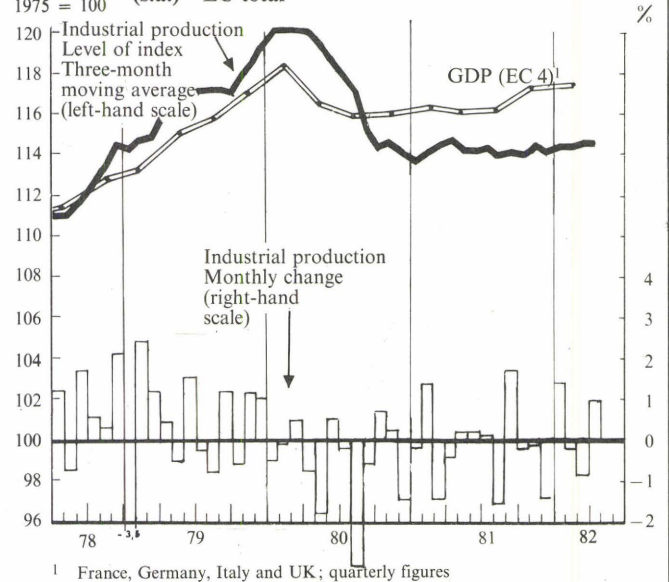
Further rise in unemployment. — The rate of unemployment in the Community (seasonally adjusted) rose by 0.1 percentage points in May, following a rise of 0.2 points in April (revised figures) and now stands at 9.7% of the civilian labour force, equivalent to 10.8 million persons. In the last two months, the rise in the number of jobless in the Community, at around 170 000 persons each month, were similar to that which were occurring in the latter months of 1981, and more than double the monthly increases in February and March, which had fallen to around 80 000.

Community inflation trend falls below 10%. — With a month-to-month increase of 0.8% recorded in May the trend rate of inflation in the Community at 9.6% as measured by the seasonally adjusted change over six months at an annual rate, fell below the 10% mark for the first time since early 1979. This development reflected a continual deceleration in the price trend in the majority of Community countries. Only in Luxembourg and in Belgium, where the devaluation of 21 February has fed into the domestic prices, has there been any significant acceleration of inflation in the first half of the year. In Denmark the devaluation of 3% vis-à-vis other EMS countries in February only produced some pause in the disinflation process. The most marked falls in inflation have been recorded in Italy, the Federal Republic of Germany and the United Kingdom.

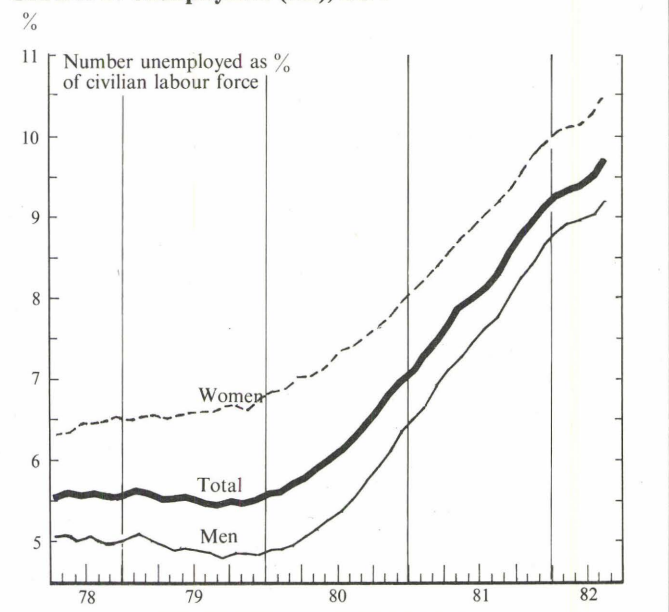
Hesitant trend in retail sales. — After the sharp fall in retail sales in volume in January, a more positive trend seems to have set in during the next two months. There was a rise in sales on average for the Community of 1.1% in February, and preliminary results for March show rises in Germany, France and the United Kingdom; despite a sizeable fall in the Netherlands, results for the Community as a whole should still be positive. Early results for France and the United Kingdom for April, however, with falls in both these countries, suggest that this upturn may have been short-lived.

Setbacks in visible trade in April. — Newly-available or revised information now suggests that the Community's seasonally adjusted visible trade in March was in deficit at about the same monthly rate as the average for the final quarter of 1981 but a lower rate than in the first two months of 1982 (Table 5), the development over the past 12 months reflecting presumably to some extent the fluctuations in the exchange

GRAPH 1: Industrial production and gross domestic product (s.a.) - EC total



GRAPH 2: Unemployment (s.a.), EC 9



rate between the ECU and the dollar (Graph 4). Preliminary estimates suggest that there was a sharp deterioration in April, largely explained by a fall in the surplus of the Federal Republic of Germany, from a record level in March, and a widening of France's deficit. The rate of deficit in Belgium increased substantially in the March/April period, reflecting the initially unfavourable visible trade balance effects of the late-February devaluation.

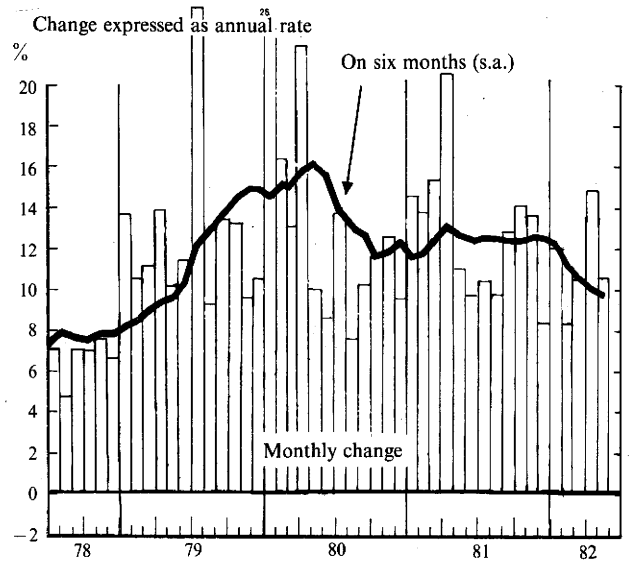
Monetary expansion picks up slightly. — In March, the increase in the Community money supply was slightly greater (one-tenth of a point) than in the month before (0,6%). Monetary expansion quickened in Denmark, the Federal Republic of Germany, the Netherlands and the United Kingdom, while in France the increase in money supply again slowed down. Money creation was very moderate in Belgium in the first quarter. The preliminary figures available for May indicate a fairly marked revival in the expansion of sterling M3 in the United Kingdom while in Ireland money supply fell after April's sharp surge.

Divergent movements of interest rates. — The Community average for short-term rates again fell in June, to stand at under 14%. Rates turned down slightly in Ireland and the United Kingdom, but the fall was significant in Denmark and France: these countries took advantage of the realignment within the EMS to stimulate a decline in the cost of money. By contrast, rates rose slightly in the Federal Republic of Germany and the Netherlands, and more sharply in Belgium. The tension on US Treasury bill rates (up 1 percentage point) meant a distinct narrowing in the gap with European rates. In May, yields on long-term public securities continued to fall back slightly on average.

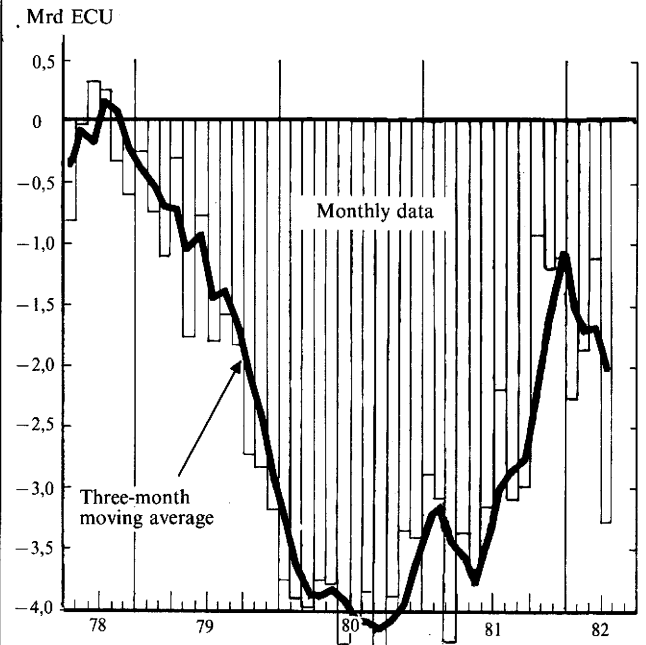
Realignment within EMS; further rise in dollar. — The French franc came under heavy pressure in early June. On 12 June a realignment within the EMS was agreed involving, notably, a devaluation of the French franc and of the Italian lira against the DM and the Dutch guilder (see special article). Market movements after the realignment were such that only the French franc registered a significant depreciation in effective terms. During the remainder of the month the French franc and Italian lira were in the upper fluctuation band within the EMS; the DM was in the lower half, several times breaching the divergence threshold and remaining very close to the threshold as the month closed. The Belgian franc moved into the upper band in the third week of June, and, for the first time since March, there was no intervention by the Banque Nationale de Belgique to support its currency; the financial franc remained at a substantial discount (at or above 10%) vis-à-vis the commercial franc for most of the second half of the month, but the discount had narrowed to around 9% at the close of the month. The rise of the dollar against the ECU, resumed in mid-May, continued through June, though with day-to-day fluctuations. Compared with May, the dollar rose by 5,6% against the ECU on average in June.

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GRAPH 3: Consumer prices EC 10

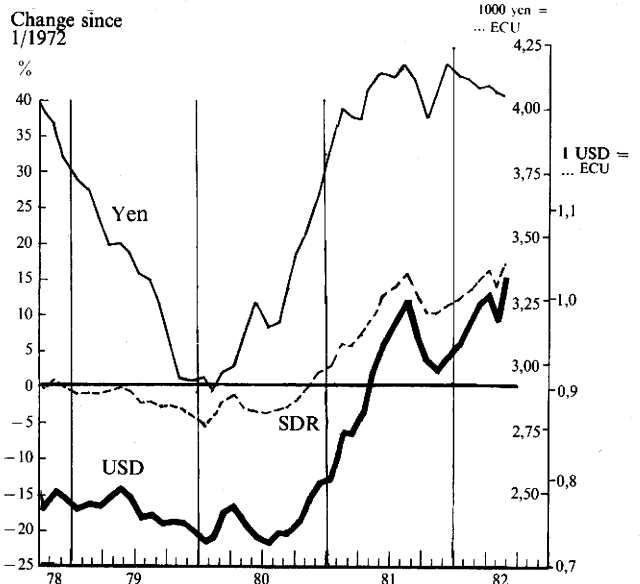


GRAPH 4: Trade balance (s.a.), EC 9



From March 1981, the series is constructed on the basis of an estimate for the United Kingdom.

GRAPH 5: Value of USD, yen and SDR in ECUs



The exchange-rate realignment of 12 June within the European Monetary System.

(Extract from the Council communiqué).

On 12 June 1982, the Ministers and Central Bank Governors of EEC member countries have by mutual agreement, in a common procedure comprising the Commission and after consultation of the Monetary Committee, decided on an adjustment of central rates within the European Monetary System:

- the change in the bilateral central rates between the French franc on the one hand and the Deutsch mark and the Dutch guilder on the other hand is 10 %;
- the change in the bilateral central rates between the Italian lira on the one hand and the Deutsch mark and the Dutch guilder on the other hand is 7 %;
- the cross rates between the Danish krone, the Belgian franc, the Luxembourg franc and the Irish pound remain unchanged. However their bilateral central rates *vis-à-vis* the Deutsch mark and Dutch guilder are changed by 4,25 %;

[The new ECU central rates (in units of national currency per ECU) are as indicated in Table 1 with the new bilateral central rates and the compulsory intervention rates in Table 2].

The Ministers requested that the agro-monetary consequences of this adjustment be rapidly examined by the appropriate bodies. [The new monetary compensation amounts resulting from the realignment are given in Table 3.]

The agreement which has been reached on the change in the central rate of the French franc has taken into consideration the substantial programme which the French Government intends to implement within the next few days to improve the slowdown of the rate of inflation over the next 18 months by establishing control over the public and social budgets as well as over incomes and prices. France will, however, also maintain measures to support productive investment and to create jobs, in particular for young people. The Ministers expressed their support for this programme. With reference to the change in the central rate of the Italian lira, the Ministers recognize that today's decision fits in with the programmes concerning public finance and the general economic situation which the Italian Government plans to implement and which will be specified in detail within the next few days. The Federal Republic of Germany and the Netherlands note that the adjustments will facilitate policies in their countries helpful to an economic upturn.

The Ministers observed with satisfaction that the present action is further evidence of the ability of the EMS to face the present difficulties stemming from the international economic and monetary situation in a spirit of solidarity and cooperation, and emerge strengthened.

TABLE 1: Monetary adjustments of 12 June 1982

	Former central rates (from 22.2.82 to 12.6.82)	New central rates (from 12.6.82)	Revaluation (+) or devaluation (-) of each currency vis-à-vis the ECU in %	Weighted change in parities against members of the EMS exchange rate system, % ¹	
	1	2	3	Realignment of 12.6.82 4	Cumulative since 13.3.79 5
	1 ECU =				
BFR/LFR	44,6963	44,9704	-0,61	-0,4	-10,6
DKR	8,18382	8,234	-0,61	-1,4	-13,5
DM	2,41815	2,33379	+3,61	+5,8	+18,4
FF	6,19564	6,61387	-6,32	-6,9	-8,6
IRL	0,686799	0,691011	-0,61	-0,1	-0,1
LIT	1305,13	1350,27	-3,34	-2,7	-12,7
HFL	2,67296	2,57971	+3,61	+3,5	+9,5
UKL ²	(0,557037)	(0,560453)	(-0,61)		

¹ Weighted average of change in bilateral parities against currencies participating in the EMS exchange rate system; weight: share of imports/exports to each of the other Member States.

² Since the pound sterling is not participating in the EMS exchange rate arrangement there is no declared central rate for this currency; the figures indicate the theoretical rate used in the calculation of the ECU.

TABLE 3: Monetary compensatory amounts (mca)

Country	Former mca (based on 2-8 June 1982)	New mca (based on 14/15 June 1982)
	in % of prices in ECU	
B/L	-2,5	-3,1
DK	0	0
D	+5,1	+8,4
GR	0	0
F	0	-5,3
IRL	0	0
I	-1,4	-1,4
NL	+2,0	+5,4
UK	+8,1	+9,6

TABLE 2: Bilateral central rates and intervention margins for currencies participating in the EMS exchange rate mechanism as from 14 June 1982

		Amsterdam in HFL	Brussels in BFR/LFR	Frankfurt in DM	Copenhagen in DKR	London in UKL	Dublin in IRL	Paris in FF	Rome in LIT
HFL 100	+ 2,25% central rate - 2,25%	100	1782,85 1743,23 1704,45	92,525 90,4673 88,455	326,45 319,183 312,08	*	27,3975 26,7864 26,1915	262,21 256,380 250,67	55577,0 52341,9 49296,0
BFR/LFR 100	+ 2,25% central rate - 2,25%	5,8670 5,73646 5,6090	100	5,308 5,18961 5,074	18,726 18,3098 17,903	*	1,57155 1,53659 1,50241	15,042 14,7072 14,380	3188,0 3002,58 2828,0
DM 100	+ 2,25% central rate - 2,25%	113,05 110,537 108,0775	1970,85 1926,93 1884,00	100	360,83 352,817 344,97	*	30,2845 29,6090 28,9520	289,85 283,396 277,09	61433,0 57857,4 54490,0
DKR 100	+ 2,25% central rate - 2,25%	32,0425 31,33 30,6325	558,60 546,154 534,00	28,990 28,3433 27,715	100	*	8,58300 8,39216 8,20550	82,150 80,3239 78,535	17412,0 16398,7 15444,0
UKL 1	central rate	*	*	*	*	1	*	*	*
IRL 1	+ 2,25% central rate - 2,25%	3,8180 3,73324 3,6500	66,56 65,0792 63,6315	3,454 3,37736 3,302	12,187 11,9159 11,6509	*	1	9,7890 9,57129 9,3585	2074,80 1954,05 1840,32
FF 100	+ 2,25% central rate - 2,25%	39,8925 39,0045 38,1375	695,40 679,941 664,80	36,090 35,2863 34,500	127,33 124,496 121,73	*	10,6855 10,4479 10,2155	100	21677,0 20415,7 19227,0
LIT 1000	+ 6% central rate - 6%	2,02850 1,91051 1,79925	35,360 33,3047 31,365	1,835 1,72839 1,628	6,475 6,09804 5,743	*	0,54338 0,511758 0,48197	5,2010 4,89818 4,6130	1000
1 ECU	central rate	2,57971	44,9704	2,33379	8,234	(0,560453)	0,691011	6,61387	1350,27

* Does not participate in the exchange mechanism.

TABLE 6: Money stock⁸ - Percentage change on preceding period (s.a.)

	1977	1978	1979	1980	1981	1981				1982	1981		1982					Change over 12 months % 2
						I	II	III	IV	I	Nov.	Dec.	Jan.	Febr.	March	April	May	
B (M2)	9.9	9.6	6.2	2.7	6.1	0.9	3.6	0.2	1.3	(0.8)	:	:	:	:	:	:	:	(6.1)
DK (M2)	9.5	6.6	9.4	10.6	10.0	2.7	2.5	1.8	2.6	3.0	1.2	0.8	1.1	0.7	1.2	0.1	0.7	9.6
D (M3)	11.1	11.0	6.0	6.2	4.8	1.3	2.3	1.1	0.3	3.0	0.4	0.4	1.5	0.6	0.9	0.8	0.2	6.3
F (M2)	13.9	12.2	14.4	9.7	11.4	3.7	3.9	2.6	0.7	4.3	-0.1	0.0	2.4	1.3	0.6	:	:	12.7
IRL (M3)	16.3	28.7	19.0	18.0	18.8	4.6	5.2	4.6	3.2	2.1	-0.3	2.9	2.0	1.9	-1.7	1.8	-0.3	18.3
I (M2)	21.8	22.8	20.4	12.3	10.0	2.1	1.4	1.0	4.5	1.4	0.2	4.0	0.7	0.3	0.4	:	:	8.7
NL (M2)	3.6	4.2	7.0	3.6	5.6	4.1	0.8	1.4	-0.4	5.2	-0.1	-1.5	2.6	0.8	1.6	:	:	7.0
UK (£M3)	9.3	13.3	11.7	19.6	13.9	1.7	3.9	5.6	2.3	1.7	0.3	0.5	1.1	0.0	0.6	0.5	1.1	11.8
EC 8 ⁹	12.7	13.3	11.7	10.6	9.3	2.2	2.8	2.3	1.6	2.8	0.2	0.9	1.5	0.6	0.7	:	:	9.8
USA (M2)	10.8	8.3	8.8	9.6	10.0	2.7	2.3	2.1	2.5	2.3	1.1	0.7	1.0	0.4	0.9	:	:	9.7
JAP (M2)	11.1	13.1	9.1	7.2	11.0	2.3	3.7	2.1	3.1	:	0.6	0.7	2.1	1.0	-1.0	:	:	10.8

TABLE 7: Short-term interest rates¹⁰

	1977	1978	1979	1980	1981	1981			1982		1981	1982						Change over 12 months % 2
						II	III	IV	I	II	Dec.	Jan.	Febr.	March	April	May	June	
B	7.3	7.3	10.9	14.2	15.6	15.3	16.0	16.0	14.5	15.8	16.0	15.3	14.5	14.5	15.0	14.8	15.8	0.5
DK	14.5	15.4	12.5	16.9	14.9	18.1	20.6	11.6	14.8	16.8	11.6	13.9	10.5	14.8	19.5	20.7	16.8	-1.3
D	4.3	3.7	6.9	9.5	12.3	13.0	12.3	10.8	9.6	9.4	10.8	10.3	10.3	9.6	9.3	9.2	9.4	-3.6
F	9.1	7.8	9.7	12.0	15.3	17.8	18.6	15.1	16.3	15.3	15.1	15.0	14.1	16.3	16.6	16.1	15.3	-2.5
IRL	8.4	9.9	16.0	16.2	16.6	15.8	18.9	18.8	21.1	19.8	18.8	18.5	19.4	21.1	19.9	20.1	19.8	4.0
I	14.0	11.5	12.0	17.2	19.7	20.0	20.3	20.8	20.7	:	20.8	20.9	21.0	20.7	20.7	20.7	:	0.3
NL	4.8	7.0	9.6	10.6	11.8	11.8	12.9	10.9	8.4	9.0	10.9	10.2	9.7	8.4	8.8	8.7	9.0	-2.8
UK	8.0	9.4	13.9	16.8	14.2	12.7	16.9	15.8	13.6	13.1	15.8	14.5	14.1	13.6	13.8	13.4	13.1	0.4
EC 8 ⁹	8.1	7.7	10.3	13.3	14.8	15.4	16.4	14.7	14.1	13.9	14.7	14.3	13.9	14.1	14.3	14.1	(13.9)	(-1.3)
USA	5.3	7.4	10.8	11.6	13.9	13.9	14.7	11.6	13.2	12.7	11.6	13.4	12.2	13.3	12.5	11.7	12.7	-1.4
JAP	6.2	5.1	5.9	10.7	7.4	7.3	7.2	6.9	6.4	:	6.9	6.4	6.4	6.4	6.6	6.8	:	-0.7

TABLE 8: Long-term interest rates¹¹

	TABLE 6. Long-term interest rates																		Change over 12 months 2
	1977	1978	1979	1980	1981	1981				1982	1981		1982						
						I	II	III	IV		I	Nov.	Dec.	Jan.	Febr.	March	April	May	
B	8.8	8.5	9.7	12.2	13.8	13.6	14.2	14.0	14.0	13.9	13.9	14.0	14.3	13.8	13.9	13.7	13.6	-0.3	
DK	16.2	16.8	16.7	18.7	19.3	18.6	19.5	20.4	19.5	20.6	19.0	19.5	19.8	20.6	20.6	20.8	21.3	1.9	
D	6.2	5.7	7.4	8.5	10.4	10.3	10.9	11.1	9.7	9.5	10.0	9.7	9.9	9.8	9.5	9.0	8.8	-2.0	
F	11.0	10.6	10.9	13.7	16.3	15.0	17.3	17.1	16.5	16.4	16.8	16.4	17.2	16.3	16.4	16.3	16.2	-1.1	
IRL	12.9	12.8	15.1	15.4	17.2	16.1	17.2	18.2	18.2	18.8	18.0	18.2	19.1	19.2	18.8	18.3	18.3	1.3	
I	14.6	13.7	14.1	16.1	20.6	18.4	21.8	22.4	21.4	20.9	21.7	21.4	21.1	21.1	20.9	21.0	21.2	0.5	
L	7.0	6.6	6.8	7.4	8.6	8.0	8.7	9.2	9.3	10.0	9.2	9.2	9.3	9.9	10.0	10.2	10.7	2.0	
NL	8.5	8.1	9.2	10.7	12.2	12.1	12.3	13.1	11.8	10.8	12.4	11.8	11.7	11.6	10.8	10.6	10.4	-2.1	
UK	12.5	12.6	13.0	13.9	14.8	13.4	14.7	16.1	15.8	13.6	15.1	15.8	14.9	14.4	13.6	13.9	13.6	-0.6	
EC 9 ⁹	10.4	10.1	10.9	12.6	14.8	13.8	15.4	15.8	15.0	14.4	15.0	15.0	15.0	14.6	14.4	14.3	14.2	-0.2	
USA	7.1	7.9	8.7	10.8	13.1	12.2	14.8	14.1	13.1	12.9	12.7	13.1	13.3	12.7	12.9	12.4	:	-0.2	
JAP	7.3	6.1	7.7	9.2	8.7	8.3	8.8	9.0	7.9	7.8	8.2	7.9	7.9	7.9	7.6	7.6	:	-0.8	

TABLE 9: Value of ECU — 1 ECU = units of national currency or SDRs

	1977	1978	1979	1980	1981	1981			1982		1981	1982						Change over
						II	III	IV	I	II	Dec.	Jan.	Febr.	March	April	May	June	12 months % 2
BFR/LFR	40.88	40.06	40.17	40.60	41.29	41.42	41.07	41.10	42.97	45.11	41.47	41.61	42.39	44.91	45.16	45.03	45.14	9.0
DKR	6.86	7.02	7.21	7.83	7.92	7.98	7.88	7.88	8.06	8.13	7.93	7.99	8.05	8.14	8.14	8.09	8.16	2.5
DM	2.65	2.56	2.51	2.53	2.51	2.54	2.51	2.44	2.43	2.38	2.45	2.44	2.44	2.41	2.39	2.39	2.37	-6.2
DR	42.04	46.80	50.78	59.24	61.62	61.83	61.47	61.74	62.72	64.82	61.93	62.70	62.99	62.47	63.38	64.97	65.99	6.8
FF	5.61	5.74	5.83	5.87	6.04	6.03	5.99	6.15	6.21	6.30	6.19	6.21	6.21	6.22	6.23	6.21	6.42	6.5
IRL	0.654	0.664	0.669	0.676	0.691	0.694	0.688	0.688	0.691	0.690	0.688	0.692	0.694	0.687	0.691	0.689	0.688	-0.6
LIT	1 007	1 080	1 138	1 189	1 263	1 263	1 254	1 302	1 308	1 323	1 308	1 309	1 307	1 309	1 318	1 324	1 327	5.2
HFL	2.80	2.75	2.75	2.76	2.78	2.81	2.79	2.69	2.67	2.64	2.68	2.68	2.68	2.65	2.65	2.65	2.62	-6.8
UKL	0.654	0.664	0.646	0.598	0.553	0.536	0.562	0.578	0.561	0.563	0.568	0.565	0.559	0.560	0.564	0.570	0.556	3.2
USD	1,141	1,274	1,371	1,391	1,116	1,116	1,033	1,090	1,038	1,002	1,084	1,067	1,033	1,013	0.998	1,033	0,978	-6.3
YEN	305.8	267.1	300.5	315.0	245.4	245.0	239.1	244.4	242.1	244.4	236.9	239.4	243.1	243.9	243.4	244.3	245.5	2.9
SDR	0.977	1.018	1.061	1.068	0.946	0.943	0.911	0.938	0.913	0.897	0.931	0.925	0.911	0.902	0.894	0.910	0.887	-3.7

TABLE 10: Effective exchange rates: export aspect¹² - Percentage change on preceding period

	1977	1978	1979	1980	1981	1981			1982		1981	1982						Change over 12 months % 2
						II	III	IV	I	II	Dec.	Jan.	Febr.	March	April	May	June	
B/L	6.1	3.5	1.5	-0.4	-6.0	-1.4	-0.9	1.1	-5.2	-5.5	-1.4	-0.5	-2.4	-6.3	-0.8	0.9	-0.7	-9.5
DK	-0.3	0.0	-0.7	-8.0	-7.5	-2.4	-0.1	2.0	-3.5	-1.4	-1.4	-1.0	-1.4	-1.6	-0.2	1.5	-2.0	-3.1
D	8.5	6.5	5.2	0.5	-6.2	-1.1	-1.1	5.1	-0.6	2.1	-0.7	-0.1	-0.6	1.3	0.7	1.3	-0.3	7.3
F	-4.7	-1.3	0.7	0.4	-8.5	-3.1	-1.1	-1.7	-2.1	-1.6	-1.0	-0.5	-0.5	-0.6	-0.4	1.1	-4.4	-7.8
IRL	-3.1	1.2	0.4	-2.5	-9.9	-2.2	0.5	2.1	-2.4	-0.2	-0.6	-1.1	-1.1	0.6	-0.6	1.5	-1.6	0.3
I	-7.7	-5.9	-3.2	-3.7	-12.2	-5.1	-1.3	-2.6	-1.5	-1.7	-0.7	-0.3	-0.4	-0.7	-1.0	0.4	-1.0	-6.4
NL	5.8	2.9	1.7	0.1	-4.8	-2.0	-0.5	5.0	-0.2	0.6	-0.3	-0.1	-0.5	0.7	-0.3	0.8	0.4	6.4
UK	-4.8	0.9	6.5	10.0	-0.9	-3.9	-7.5	-0.9	1.7	-1.0	0.9	0.3	0.4	-0.8	-1.0	0.1	1.2	-4.7
ECU	0.9	2.5	5.9	2.3	-15.2	-5.7	-4.4	3.0	-2.5	-0.9	-1.4	-0.4	-1.1	-0.9	-0.5	2.0	-2.2	-2.8
USA	-1.3	-9.8	-2.6	0.0	12.1	7.2	5.8	-3.6	3.9	3.6	0.1	1.6	3.3	1.7	1.2	-2.3	5.2	9.4
JAP	10.7	21.6	-7.1	-4.1	13.8	-2.1	-1.6	0.9	-1.5	-2.4	3.0	-1.8	-3.1	-1.3	-0.4	1.6	-3.2	-6.2

⁸ National sources for Belgium, Denmark, the Federal Republic of Germany, France, Ireland and the United Kingdom; seasonally adjusted by Eurostat for Italy and The Netherlands.
⁹ Average weighted by 1975 GDP at 1975 prices and purchasing power parities. For the money supply, the monthly variation is calculated for Belgium using linear interpolation of quarterly data.
¹⁰ National sources; EC excludes Luxembourg; 3-month interbank rate except: Belgium, yield at issue of 4-month certificates issued by the Fonds des Rentés; Denmark, call-money rates on the money market (monthly average); France, 1-month interbank rate on "private paper"; Italy, rate on interbank sight deposits. Annual average, end of quarter and end of month.
¹¹ Yield of public-sector bonds. Annual average and average of last month of the quarter, monthly average except for France: end of quarter and end of month.
¹² Weighting coefficients calculated to take account not only of bilateral trade but also of competition in third markets and in the exporting country's domestic market (+ = Appreciation, - = Depreciation).
Note: (s.a.) = seasonally adjusted.
: = not available.
() = estimate.
EC 9 = Community total, excluding Greece.

TABLE 1: Industrial production¹ - Percentage change on preceding period (s.a.)

	1977	1978	1979	1980	1981	1981				1982	1981			1982				Change over 12 months % ²
						I	II	III	IV		Oct.	Nov.	Dec.	Jan.	Febr.	March	April	
B	0.4	2.4	4.3	-1.0	-2.7	2.2	0	-1.5	1.6	1.5	1.8	-1.5	-3.4	11.0	-6.5	-5.3	:	-4.6
DK	0.8	2.3	3.6	0.2	0.3	2.3	-0.7	3.2	-3.2	3.4	-5.6	0.5	-0.3	-0.2	3.5	3.6	-0.4	5.2
D	2.8	2.0	5.5	-0.8	-1.4	0.9	-0.9	0.9	-0.9	1.9	0	-0.9	-0.9	1.9	0.9	0.9	0	2.4
GR	1.5	7.5	6.0	0.9	-0.6	-3.0	3.1	1.9	0.3	-0.6	-2.3	4.4	-3.4	0.6	0.9	-2.7	:	1.0
F	1.6	1.6	4.7	-0.7	-2.3	-1.0	0.8	0	1.5	-2.5	0	0	1.5	-3.8	0	0.8	-0.8	0.7
IRL	7.6	8.4	6.2	-1.0	1.9	3.3	1.9	1.6	-0.4	-0.2	-3.9	4.2	1.1	-6.4	6.0	1.2	:	7.0
I	0	2.1	6.7	5.0	-2.2	1.3	-2.4	-4.3	5.5	2.4	-2.4	6.6	-6.2	0.4	7.8	-3.1	-0.3	-0.8
L	0.5	3.2	3.4	-3.3	-6.8	-4.9	1.6	1.1	1.2	0.5	4.9	-1.3	-8.1	6.0	5.8	-8.5	-2.4	-1.0
NL	0	0.9	2.8	-0.9	-1.8	0.3	-3.0	-1.5	3.1	-1.2	5.8	-0.9	1.8	-0.9	-1.8	0	0	-1.8
UK	4.7	3.3	3.8	-6.7	-3.9	-1.0	0.7	0.3	1.1	-0.8	1.6	-1.4	-0.5	-0.4	0.4	0.3	0.3	1.7
EC 10	2.3	2.4	4.8	-0.9	-2.1	0	-0.1	0.1	0.1	0.3	-0.3	0	-1.1	1.5	-0.3	-0.8	(1.0)	(0.9)
USA	6.5	5.7	4.4	-3.6	2.7	2.0	0.5	0.3	-0.4	-3.4	-1.6	-1.9	-2.0	-2.0	(1.6)	-0.8	(-0.8)	(-7.8)
JAP	4.1	6.2	8.3	7.0	3.1	1.0	0.5	2.1	2.0	-1.0	1.1	-0.1	-0.5	-0.6	-0.8	1.4	-1.9	1.9

TABLE 2: Unemployment rate - Number of unemployed as percentage of civilian labour force (s.a.)

	1977	1978	1979	1980	1981	1981				1982	1981			1982				Change over 12 months % ²
						I	II	III	IV		I	Nov.	Dec.	Jan.	Febr.	March	April	
B	7.8	8.4	8.7	9.4	11.6	10.6	11.3	12.0	12.5	13.2	12.5	12.8	13.0	13.2	13.3	13.4	13.5	19.9
DK ³	5.8	6.5	5.3	6.2	8.3	8.0	8.3	8.3	8.9	9.0	9.0	8.9	9.3	8.7	8.8	9.1	(9.2)	(15.5)
D	4.0	3.9	3.4	3.4	4.8	4.2	4.6	5.1	5.8	6.3	5.8	6.1	6.1	6.3	6.6	6.7	6.9	48.3
F	4.8	5.2	6.0	6.4	7.8	7.1	7.5	7.9	8.4	8.6	8.4	8.5	8.5	8.5	8.6	8.7	8.7	15.6
IRL	9.2	8.4	7.4	8.3	10.3	9.9	10.3	10.6	10.9	11.4	10.9	11.1	11.3	11.3	11.6	11.8	11.9	19.6
I	6.4	7.1	7.5	8.0	8.8	8.3	8.6	8.8	9.4	9.7	9.5	9.5	9.6	9.7	9.9	10.1	10.3	22.0
L	0.5	0.7	0.7	0.7	1.0	0.9	0.9	1.0	1.1	1.2	1.1	1.2	1.2	1.2	1.2	1.3	1.2	34.2
NL	4.1	4.1	4.1	4.8	7.3	6.2	6.9	7.7	8.4	9.1	8.4	8.8	8.9	9.1	9.3	9.5	9.7	44.7
UK	5.7	5.7	5.3	6.9	10.6	9.5	10.4	11.1	11.7	11.9	11.7	11.7	11.9	11.9	11.9	12.0	12.1	16.1
EC 9	5.3	5.5	5.5	6.2	8.1	7.3	7.8	8.3	8.9	9.3	8.9	9.1	9.3	9.3	9.4	9.5	9.7	23.1
USA	7.0	6.0	5.8	7.1	7.6	7.4	7.4	7.4	8.3	8.8	8.3	8.8	8.5	8.8	9.0	9.4	9.5	(27.3)
JAP ⁴	2.0	2.2	2.1	2.0	2.2	2.2	2.3	2.2	2.2	2.3	2.2	2.2	2.2	2.2	2.3	2.4	2.4	1.5

TABLE 3: Consumer price index - Percentage change on preceding period

	1977	1978	1979	1980	1981	1981				1982	1981			1982				Change over 12 months % ²
						I	II	III	IV		I	Nov.	Dec.	Jan.	Febr.	March	April	
B	7.1	4.5	4.5	6.6	7.6	2.2	0.8	2.6	2.1	1.9	1.0	0.6	1.0	0.2	0.2	1.2	0.9	9.5
DK	11.1	10.1	9.6	12.3	11.7	2.6	4.3	2.4	2.2	2.1	1.2	0.5	0.7	0.6	0.9	0.6	1.1	9.4
D	3.7	2.7	4.1	5.5	5.9	2.2	1.8	1.2	1.2	1.5	0.5	0.3	0.9	0.2	0.2	0.5	0.6	5.3
GR	12.2	12.5	19.0	24.9	24.5	7.3	5.4	1.9	7.5	4.2	2.1	2.1	1.1	-0.2	3.3	3.0	1.3	21.9
F	9.5	9.3	10.7	13.6	13.4	2.9	3.3	3.9	3.2	2.8	0.9	0.6	1.0	1.1	1.1	1.2	0.8	13.9
IRL ⁵	13.6	7.6	13.2	18.2	20.4	6.2	3.9	5.6	5.9	2.3	(1.9)	(0.8)	(0.8)	(0.8)	(1.9)	(1.9)	(1.8)	21.0
I	17.0	12.2	14.8	21.2	19.6	5.2	4.4	3.0	4.6	4.0	1.8	1.0	1.4	1.5	0.8	0.8	1.1	15.3
L	6.7	3.1	4.5	6.3	8.1	2.4	2.2	2.0	1.6	2.7	0.6	0.6	1.4	1.0	0.1	0.3	1.4	8.7
NL	6.4	4.2	4.3	7.0	6.9	1.4	2.3	1.6	1.9	1.1	0.3	-0.1	0.4	0.5	0.9	0.7	0.3	6.4
UK	15.9	8.3	13.4	18.0	11.9	2.4	4.9	1.7	2.5	1.7	1.1	0.6	0.6	0	0.9	2.0	0.7	9.5
EC 10	10.5	7.6	10.2	14.1	12.6	3.2	3.6	2.5	3.0	2.5	1.1	0.6	1.0	0.7	0.8	1.2	0.8	11.2
USA	6.5	7.6	11.5	13.5	10.2	2.6	2.3	2.8	1.3	-0.7	0.3	0.2	0.4	0.3	-0.1	0.4	(1.0)	(6.7)
JAP	8.1	3.8	3.6	8.0	4.9	1.1	1.6	0.3	1.2	0	-0.3	0.3	0	-0.3	0.2	0.8	0.4	2.3

TABLE 4: Volume of retail sales - Percentage change on preceding period (s.a.)

	1977	1978	1979	1980	1981	1981				1982	1981			1982				Change over 12 months % ²
						I	II	III	IV		I	Oct.	Nov.	Dec.	Jan.	Febr.	March	
B	1.2	2.3	3.9	1.2	-3.3	-3.3	1.6	-1.2	0.4	:	3.7	-6.2	5.1	-3.4	1.3	:	:	-0.1
DK	1.1	-2.4	2.2	-1.5	-0.6	-0.3	0.1	0.6	-1.2	:	2.5	-2.6	3.2	-1.4	3.3	:	:	2.3
D	3.1	2.8	2.6	0.3	-2.6	-1.7	-2.2	1.2	0.2	-2.3	3.6	-4.4	2.2	-4.7	3.1	1.4	:	1.6
GR	5.9	4.9	-2.1	-3.5	-3.3	-21.1	3.9	1.2	11.5	:	3.8	6.0	5.7	:	:	:	:	-5.3
F	0.1	2.1	2.3	-0.4	0.7	-1.8	0.5	0.6	1.7	0.6	2.6	-2.2	1.9	-1.8	2.8	0.2	-1.0	-2.0
IRL	4.9	8.7	3.2	-0.6	(-0.7)	0	-1.2	1.3	-4.9	:	3.9	-0.4	7.3	-7.3	4.8	:	:	-1.4
I	2.9	2.6	7.3	3.1	2.0	0.8	-0.3	0.2	2.4	:	4.3	-1.3	-2.0	4.0	-2.4	:	:	12.6
NL	4.7	4.7	-0.3	-4.1	-5.1	0.1	-1.3	-1.2	-3.3	-0.8	4.8	-10.9	8.0	-2.4	2.1	-2.9	:	-3.4
UK	-1.7	5.6	4.8	0.2	1.1	2.3	-1.8	0.7	0	1.1	0.3	-0.5	-0.9	2.3	-0.9	0.5	-0.7	1.4
EC 9 ⁶	1.5	3.2	3.5	0.4	(-0.4)	-0.5	-0.9	0.5	0.6	:	2.9	-3.0	1.2	-0.9	1.1	:	:	-0.5
USA	6.5	3.3	0.3	-4.6	-0.7	2.5	-1.4	0.5	-2.7	:	-2.7	0.4	-0.5	-2.1	2.4	:	:	-1.8
JAP	8.2	6.5	-4.1	-8.4	-9.2	-2.9	-2.9	0.4	-4.1	:	-1.7	-0.1	-0.2	3.0	-3.5	:	:	-5.9

TABLE 5: Visible trade balance - fob/cif, million ECU (s.a.)

	1977	1978	1979	1980	1981	1981				1982	1981			1982				Change over 12 months % ²
						I	II	III	IV		I	Nov.	Dec.	Jan.	Febr.	March	April	
B/L	-2 526	-2 890	-3 020	-5 172	-5 420	-1 960	-1 367	-1 759	-723	-1 448	-354	-143	-548	-229	-670	-596	:	14
DK	-2 801	-2 198	-2 904	-1 911	-1 481	-270	-333	-313	-451	-417	-133	-212	-161	-174	-83	:	:	31
D	14 514	15 934	8 933	3 545	11 239	169	2 365	3 149	5 194	5 234	1 577	1 945	1 106	1 690	2 430	1 340	2 198	+1 552
GR	-3 588	-3 347	-4 187	-3 906	:	-562	-1 108	-1 113	-1 236	:	-374	-542	:	:	:	:	:	-114
F	-6 117	-4 097	-6 195	-16 952	-17 283	-4 321	-4 068	-4 263	-5 140	-4 783	-1 546	-1 974	-1 568	-1 587	-1 628	-2 229	-1 177	-82
IRL	-876	-1 132	-1 955	-1 898	-2 471	-593	-583	-743	-574	-643	-234	-151	-223	-188	-232	-222	:	7
I	-2 444	-336	-4 103	-15 696	-13 654	-3 953	-4 757	-3 546	-1 927	-3 781	-887	-511	-1 091	-2 034	-655	-879	:	+ 779
NL	-1 687	-2 240	-2 619	-2 184	1 312	-149	-259	311	1 333	:	665	327	524	:	:	:	:	+ 439
UK	-5 246	-5 548	-8 705	-3 590	:	:	:	:	(-14)	:	(-688)	(+199)	(-1098)	(-129)	:	:	:	(-263)
EC 9 ⁷	-7 184	-2 508	-20 804	-43 859	(-30 900)	-10 350	(-10 250)	(-8 350)	(-3250)	(-5 014)	(-1 300)	(-1 100)	(-2 150)	(-1 750)	(-1 114)	(-3316)	:	(+ 184)
USA	-31 907	-31 014	-27 146	-26 113	-35 538	-6 892	-9 068	-9 672	-10 326	-8 540	-4 019	-1 674	-4 811	-1 162	-2 567	:	:	-1 982
JAP	8 488	14 285	-5 574	-7 700	7 831	571	1 941	3 559	2 104	1 443	488	-55	-1 169	272	2	:	:	115

Source: For the Community countries: Eurostat, unless otherwise stated; for the United States and Japan: national sources.

¹ National sources

Major economic policy measures — June 1982

Community (EC)

12.6 The EMS central rates of the DM and the guilder were appreciated and the central rates of the French franc and the Italian lira depreciated (see special article).

28/29.6 The European Council, meeting in Brussels, discussed the economic and social situation, on the basis of a Commission report. It confirmed the conclusions it had reached in March regarding a coordinated policy for combating unemployment by promoting productive investment, increasing competitiveness and productivity as well as the development of a Community industrial strategy based on a technology and innovation policy. It agreed to step up efforts in the following three areas:

- modernization of European economic structures,
- increased convergence of the economies of the Community,
- a specific Community measure to combat unemployment, particularly in the case of young people.

30.6 The Council (Economic and Financial Affairs) signified its agreement to the proposal dated 19 June 1982 of the Chairman of the Meetings of Participants in the Arrangement on Guidelines for Officially Supported Export Credits.

Belgium (B)

16.6 The Banque Nationale raised the interest rates on Treasury certificates by 0,75 % in two stages.

18.6 The Government adopted a number of measures aimed at savings in the field of education, in particular by reducing subsidies and operating costs.

25.6 The Minister for Economic Affairs authorized small and medium-sized enterprises, on certain conditions, to calculate their profit margins in percentage terms. Profit margins had been frozen in absolute value since the realignment of the franc in February.

Denmark (DK)

4.6 Folketinget adopts the remaining parts of the government programme, reinforcing the efforts undertaken to improve employment, partly financed by a rise in indirect taxation:

- a. Employment: extension of training and trainee opportunities; job-creation in the private or public sector subsidized by the State. The aim of the measures is for all persons aged from 18-25 to be offered either a job or a training opportunity. Annual costs estimated at DKR 3½ mrd.
- b. Investment, infrastructure, etc.: various measures (some previously adopted) aimed at improving productive investment (tax concessions, indexation of base for fiscal depreciation), giving financial support to agriculture (negative income tax, interest subsidies, etc.) improving energy saving (control of heating efficiency), improving public utilities and infrastructure.

The total annual cost of the programme is estimated at some DKR 7½ mrd of which almost half is to be financed by a rise in indirect taxation (corresponding to 1,2% of private consumption) and another DKR 2 mrd by a planned tax on interest (i.e. interest accumulated in pension funds, etc. until now exempted from taxation). A large number of excise duties will be increased during 1982, of which some will be adjusted in accordance with the wage regulating index. On the other hand, the registration duty on cars will be gradually reduced and social transfers will be paid to certain income categories.

Federal Republic of Germany (D)

16.6 The Government reached an agreement on a supplementary budget (Nachtragshaushalt) which increases the net borrowing of the Bund for 1982 by DM 7 100 million to DM 33 900 million.

23.6 The banks' rediscount quotas have been increased by DM 5 billion with effect from 23 June 1982. The limit for submitting prime bankers' acceptances under the Bundesbank's money market regulation arrangements have been raised by DM 500 million as from the same date.

30.6 The Government reached agreement on the general guidelines for the preparation of the Federal Budget for 1983. Total expenditure will amount to DM 250 000 million, and the Federal State net borrowing requirement will be limited to DM 28 500 million.

Greece (GR)

4.6 Parliament passed a law relating to financial incentives for investment. Under this law, the country is divided into four development regions; the sectors of activity and the concept of productive investment are specified. The incentives consist of grants, interest rate subsidies, tax allowances against profits and higher depreciation.

France (F)

9.6 The second State loan of FF10 000 million, was issued for a period of eight years at the nominal rate of 16%.

The Government approved a plan to modernize the steel industry. The public authorities will provide the steel companies with funds to redress their financial situation and to launch a huge investment programme. FF15 500 million has been set aside for the period 1982-86.

14.6 The Government introduced a package of measures to back up the devaluation of the franc: the measures include a four-month freeze on prices and incomes and an effort to redress the public finance situation, in particular that of the social security fund (by raising contributions and reducing expenditure). The price freeze does not extend to petroleum products, products governed by ECSC rules (coal and steel), prices resulting from France's international commitments or public service charges; however, the Government has undertaken to limit the increases in the latter planned for 1 July.

30.6 On 1 July, the SMIC (minimum wage) is to be increased to FF19,64 per hour. In order to moderate the effects of the government decisions on prices, certain adjustments were decided, notably that exchange rate variations for imported products should be taken into account.

Ireland (IRL)

None.

Italy (I)

None.

Luxembourg (L)

None.

Netherlands (NL)

25.5 With effect from 1 October 1982, public transport charges will go up by an average of 5½%.

22.6 With effect from 1 July 1982, the minimum wage and social security benefits are to be increased by 2,46%. The increase is in line with the rise in consumer prices in the period October 1981-April 1982.

United Kingdom (UK)

21.6 The Government gave its approval to proposals for an extensive Youth Training Scheme for 16 and 17-year-olds, which will guarantee all minimum-age school leavers one year of vocational training combined with further education.

Price (excluding VAT) in Luxembourg

	ECU	BFR	IRL	UKL	USD	
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